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DPD-0656-59

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26 January 1959

David Clark Company, Inc.
360 Park Avenue
Worcester, Mass.

Attention:

Gentlemen:

This office is desirous of negotiating contracts of the following two types with your organization:

1. An open-end call type contract under which a certain amount of dollars would be allocated by fiscal year periods. Under this contract you would be called upon from time to time to deliver items normally produced by your firm. Such requests would be made by use of Production Lists issued by . Items furnished under this contract would be priced immediately following receipt of the Production Lists on the basis of a Pricing Formula to be included in the contract. Shipping charges would be reimbursed at actual cost and could be invoiced separately with cross-reference back to the respective material invoices. All Production Lists would be followed up by Priced Exhibits to be prepared and signed by you and accepted by the Contracting Officer. Your invoices would cover items as listed on the Priced Exhibits and the accepted Price Exhibits would be the basis for payments.

The Pricing Formula should consist generally of the following information which would be used by you in determining the fixed prices of all items ordered during a specified period of time:

(a) For direct labor necessary for production of supplies and equipment:

<u>Labor Categories</u>	<u>Hourly Rates</u>	<u>Overhead</u>	<u>G&A</u>	<u>Profit</u>	<u>Total Hourly Rate</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
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(b) For purchased materials and parts necessary for production of supplies and equipment:

Actual cost, plus G&A, plus profit.

(c) For subcontracts necessary for supplying equipment:

Actual cost, plus G&A, plus profit.

2. The second contract would be a time-and-material type under which a certain amount of dollars would be allocated by fiscal year periods. Under this contract you would be requested from time to time to repair, alter and modify at your plant equipment previously delivered to the Project. Such requests would be made by Work Orders issued by Work performed on this contract would be priced on the basis of the number of labor hours expended in the performance of repair, alterations or modifications, plus materials used and shipping charges. Invoices for work performed would not be documented since all documentation would be retained at your plant for future site audit. The contract would include a schedule of labor hour-rates, and a material handling rate. These rates should be determined as follows:

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<u>Labor</u> <u>Categories</u>	<u>Hourly</u> <u>Rates</u>	<u>Overhead</u>	<u>G&A</u>	<u>Profit</u>	<u>Total</u> <u>Hourly Rates</u>
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Material Charges:

Actual cost, plus a material handling charge, but no profit.


With reference to materials necessary for performance of the contract, inventories of major items of Government-furnished materials should be maintained for Customers No. 1 and No. 2 under the contract to facilitate the work and to reduce the quantities of Contractor-furnished materials to be supplied thereunder. These inventories will be established by coordinating expected requirements with and obtaining production lists from these sources authorizing procurement of the necessary items under the call contract.

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It is requested that proposals which may lead to the above contracts be submitted to this office at your earliest convenience. These proposals should include the detailed cost data indicated above and the periods of time the formula and rates will be effective.

Very truly yours,



Contracting Officer

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